

Message Text

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ORIGIN NEA-10

INFO OCT-01 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01 CIAE-00

CIEP-01 COME-00 DODE-00 EB-07 FPC-01 H-02 INR-07

INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-06

SAM-01 OES-03 SP-02 SS-15 STR-04 TRSE-00 PA-01 PRS-01

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DRAFTED BY NEA/EGY:GGBROWN:PM

APPROVED BY NEA/EGY:GRBEYER

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FM SECSTATE WASHDC

TO AMEMBASSY CAIRO

INFO AMEMBASSY KUWAIT

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E.O. 11652: N/A

TAGS: EGEN, ENRY, EWWT, EG

SUBJECT: SUMED PIPELINE

REF: CAIRO 2693

1. DEPT PLANS TO PROVIDE FULLER ANSWER REQUESTED BY EMBASSY IN PARA 8 REFTEL ON THE ECONOMICS OF THE SUMED PIPELINE. WE HOPE TO PROVIDE THE DATA WITHIN ONE WEEK.

2. DEPT WAS CONTACTED TODAY BY MR. O'HANLON OF MOBIL OIL IN NEW YORK WHO FILLED US IN ON THEIR ACTIVITIES WITH THE SUMED PIPELINE. WE HAD CONTACTED MOBIL IN APRIL 1975 TO TELL THEM OF MINISTER HILAL'S INTEREST IN OBTAINING TRAINING FOR EGYPTIAN OIL TECHNICIANS IN THE UNITED STATES. O'HANLON MADE TWO TRIPS TO EGYPT ON THIS SUBJECT AND

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TALKED WITH MINISTRY OFFICIALS INCLUDING HILAL AND ALSO HAD

DISCUSSIONS WITH TEMPLETON. IN JANUARY HILAL INDICATED AN INTEREST TO WORK WITH MOBIL ON THE SUMED PIPELINE. THEY APPARENTLY ASKED MOBIL IF IT WAS FEASIBLE TO PLAN TO OPEN THE SUMED PIPELINE IN JANUARY 1977 AND IF IT WAS FEASIBLE TO ATTEMPT TO TRAIN PERSONNEL TO OPERATE THE PIPELINE BY THAT DATE. MOBIL ANSWERED AFFIRMATIVELY TO THEM AND IS SENDING THE REPORT WITHIN THE NEXT WEEK ON HOW THEY SHOULD GO ABOUT IT. MOBIL ON A PAID CONTRACT BASIS WILL BE TRAINING APPROXIMATELY 30 KEY PEOPLE ON THE PIPELINE OPERATION.

ABOUT 10 PEOPLE WILL BE TRAINED IN EUROPE AND FIVE OR SIX IN THE UNITED STATES. MOBIL IS VERY IMPRESSED WITH THE CALIBRE OF PEOPLE WHO HAVE BEEN HIRED TO DATE TO RUN THE PIPELINE AND IS VERY ENCOURAGED THAT THE EGYPTIANS PLAN TO KEEP THE NUMBER OF PERSONNEL TO A BARE MINIMUM. THEY INDICATE THE PIPELINE WILL BE RUN WITH A STAFF OF APPROXIMATELY 300 WHICH IS THE APPROXIMATE NUMBER THAT MAJOR WESTERN OIL COMPANIES USE ON SIMILAR PIPELINES IN WESTERN EUROPE AND THE UNITED STATES.

3. MOBIL BELIEVES THE PIPELINE WILL BE PROFITABLE FROM THE STANDPOINT OF THE SUMED COMPANY ITSELF AND FROM THE POINT OF VIEW OF THE SHIPPERS. IT WILL BE THE CHEAPEST WAY TO GET PETROLEUM FROM THE PERSIAN GULF TO THE MEDITERRANEAN. ON THE OTHER HAND, MOBIL DOES NOT BELIEVE PIPELINE WILL ROB SUEZ CANAL OF MUCH REVENUE AS THE PIPELINE WILL MAINLY SERVICE SUPERTANKERS. MOBIL WAS UNWILLING TO PROVIDE US WITH A STUDY THEY DID FOR THE SUMED PIPELINE COMPANY.

4. MOBIL REQUESTED THE ABOVE INFORMATION BE TREATED IN CONFIDENCE.

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